

ILLOVO SUGAR (MALAWI) LIMITED



(Incorporated in Malawi on 31 May 1965 under registration number 839)
**SUMMARY OF THE UNAUDITED FINANCIAL STATEMENTS
 FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010**

FINANCIAL PERFORMANCE

Abridged group statement of comprehensive income

	Unaudited 6 months ended 30 Sept 2010 MK'm	Unaudited 6 months ended 30 Sept 2009 MK'm	Audited Year ended 31 Mar 2010 MK'm
Revenue	16 744	14 875	28 643
Profit from operations	5 535	5 551	10 915
Net finance cost	(272)	(278)	(658)
Profit before taxation	5 263	5 273	10 257
Taxation	(1 604)	(1 606)	(3 141)
Profit for the period	3 659	3 667	7 116
Other comprehensive income	-	-	-
Total comprehensive income	3 659	3 667	7 116
Loss on sale of property, plant and equipment	(7)	(5)	(8)
Headline earnings	3 652	3 662	7 108
Number of shares in issue ('000)	713 444	713 444	713 444
Weighted average number of shares on which profit per share is based ('000)	713 444	713 444	713 444
Profit per share (tambala)	513	514	997
Headline earnings per share (tambala)	512	513	996
Dividend per share (tambala)	287	287	700

Business segmental analysis

	Unaudited 6 months ended 30 Sept 2010 MK'm	Unaudited 6 months ended 30 Sept 2009 MK'm	Audited Year ended 31 Mar 2010 MK'm
Revenue			
Sugar production	8 327	7 959	15 041
Cane growing	8 417	6 916	13 602
	16 744	14 875	28 643
Profit from operations			
Sugar production	3 347	3 027	5 663
Cane growing	2 188	2 524	5 252
	5 535	5 551	10 915

Abridged group statement of financial position

	Unaudited 30 Sept 2010 MK'm	Unaudited 30 Sept 2009 MK'm	Audited 31 Mar 2010 MK'm
ASSETS			
Property, plant & equipment	7 304	6 609	7 144
Cane roots	8 712	7 638	8 190
Investment and loans	514	421	563
Non-current assets	16 530	14 668	15 897
Current assets	19 188	19 100	13 774
Total assets	35 718	33 768	29 671
EQUITY AND LIABILITIES			
Capital and reserves	16 676	14 455	15 750
Deferred taxation	6 886	6 800	7 239
Other non-current liabilities	1 016	1 051	927
Current liabilities	11 140	11 462	5 755
Total equity and liabilities	35 718	33 768	29 671
Depreciation (MK'm)	362	323	554
Capital expenditure (MK'm)	535	969	1 731

Abridged group statement of cash flows

	Unaudited 6 months ended 30 Sept 2010 MK'm	Unaudited 6 months ended 30 Sept 2009 MK'm	Audited Year ended 31 Mar 2010 MK'm
Operating profit before working capital changes	6 311	5 107	8 805
Working capital requirements	(3 361)	(2 287)	(347)
Interest, taxation & dividend	(4 160)	(4 577)	(7 506)
Purchase of property, plant & equipment	(535)	(969)	(1 731)
Disposal of property, plant & equipment	13	12	19
Reduction/(Increase) in investments	49	124	(18)
Net cash outflows before financing activities	(1 683)	(2 590)	(778)

Abridged group statement of changes in equity

	Unaudited 30 Sept 2010 MK'm	Unaudited 30 Sept 2009 MK'm	Audited 31 Mar 2010 MK'm
Share capital and premium			
Balance at beginning/end of period	782	782	782
Retained earnings			
Balance at beginning of period	14 968	12 646	12 646
Profit for the period	3 659	3 667	7 116
Dividends paid in cash	(2 733)	(2 640)	(4 794)
Balance at end of period	15 894	13 673	14 968
Capital and reserves	16 676	14 455	15 750

BASIS OF PREPARATION

As the sugar season runs from 1 April to 31 March, the earnings from cane growing and sugar production incorporated in the above results comprise one half of the latest estimate of earnings for the sugar season ending 31 March 2011.

REVIEW OF OPERATIONS

Both factories started the harvesting season early in April as planned. Wet weather at Nchalo during the first part of the season together with mechanical breakdowns at both factories resulted in lower than anticipated sugar production for the first six months of the season. However, with both factories now performing at more acceptable levels it is envisaged that sugar production for the full year will be marginally above previous years output.

Domestic sugar sales of 100 000 tons for the first six months of the year exceeded last year's record for the same period. Zimbabwe continues to be a very robust regional market with good ex-mill prices being achieved. Speciality and refined sugar sales are continuing into both the EU and USA markets and are in line with customer delivery requirements.

PROSPECTS

Given normal weather conditions for the remainder of the year and with the on-going development of new land to sugar cane by the company at Nchalo and by Malawian out-growers at Dwangwa, it is envisaged that total cane deliveries will be greater than last season. However, a lower average sucrose % cane and lower factory recoveries are likely to result in overall sugar production of around 300 000 tons.

In terms of sugar sales for the full year it is expected that sales into the domestic market will be better than those achieved in the previous year. Full advantage will be taken of any opportunities within the regional market, particularly if the strong demand from Zimbabwe continues. Export volumes to the EU and USA markets should be in line with last year. The continuing strength of the Kwacha against the US Dollar will continue to negatively influence export revenue streams.

In addition, the strength of the Rand compared to the Kwacha will continue to put pressure on Rand based input costs and a concerted effort will be required to contain cost escalation.

Approximately K 1.2 billion will be spent on capital projects during the full year to further secure the ongoing growth of the company.

DIVIDEND

Notice is hereby given that an interim dividend of 287 tambala per share (2009: 287 tambala per share) has been declared in respect of the ordinary shares of the company for the year ending 31 March 2011. The dividend is payable on 31 December 2010 to shareholders on the register at the close of business on 19 November 2010.

BY ORDER OF THE BOARD
22 October 2010

Malawi Sugar Limited
Secretaries